



CHINA MINZHONG FOOD CORPORATION LIMITED

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FOR IMMEDIATE RELEASE

CHINA MINZHONG POSTED 9MFY15 NET PROFIT OF RMB237.5 MILLION

- Revenue of RMB1,507.3 million recorded in 9MFY15
- Continued focus on industrialised farming and beverage business to capitalize on rising domestic consumption in PRC

Singapore, 24 April 2015 – China Minzhong Food Corporation Limited (中国闽中食品有限公司) (“China Minzhong” or the “Group”) (SGX: K2N.SI; Bloomberg quote: MINZ SP), recorded revenue and net profit of RMB485.8 million and RMB108.0 million respectively for the 3 months ended 31 March 2015 (“3QFY15”). For the nine months ended 31 March 2015 (“9MFY15”), the Group posted net profit of RMB237.5 million on the back of revenue of RMB1,507.3 million.

Summary of Results

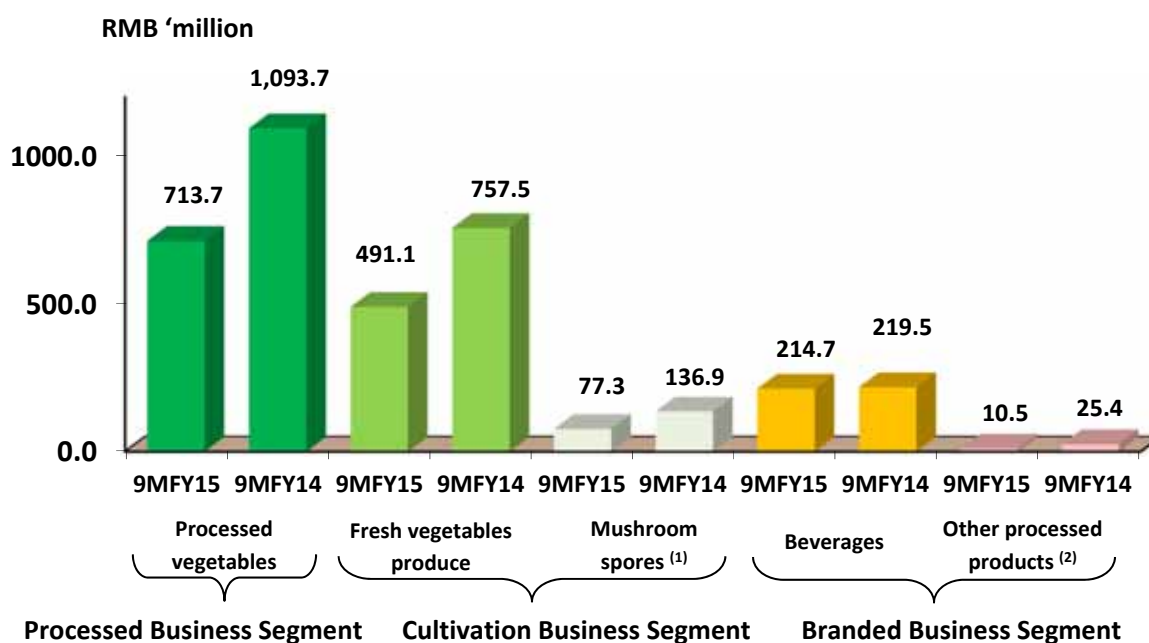
RMB 'million	9MFY15	9MFY14	% Change	3QFY15	3QFY14	% Change
Revenue	1,507.3	2,233.0	(32.5%)	485.8	690.3	(29.6%)
Gross profit	433.9	731.7	(40.7%)	162.0	244.9	(33.9%)
Gross margin (%)	28.8%	32.8%	(4.0ppt)	33.3%	35.5%	(2.2ppt)
EBITDA ¹	484.4	682.1	(29.0%)	190.8	245.8	(22.4%)
EBITDA ¹ margin	32.1%	30.5%	1.6ppt	39.3%	35.6%	3.7ppt
Profit before tax	277.4	471.1	(41.1%)	120.9	181.9	(33.5%)
Net profit after tax	237.5	383.6	(38.1%)	108.0	133.3	(19.0%)
Net margin	15.8%	17.2%	(1.4ppt)	22.2%	19.3%	2.9ppt

¹EBITDA refers to earnings before interest, tax, depreciation and amortization.



Review of 9MFY15 Results

Revenue breakdown by segments

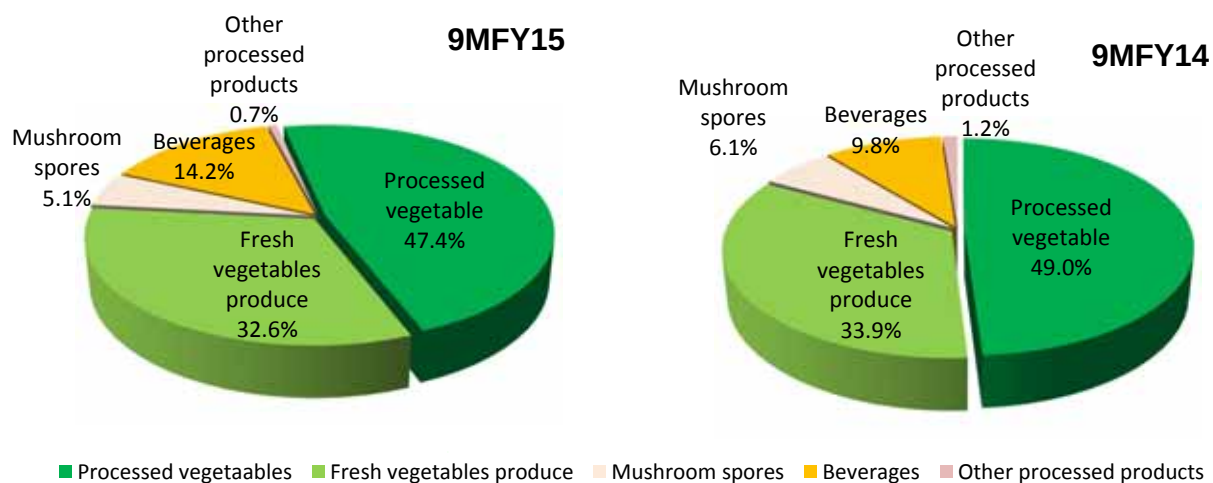


Note:-

(1) Sales of mushroom spores.

(2) Miscellaneous products, such as instant food and health food products.

Revenue percentage contribution by segments





Review of Results (Continued)

Group's revenue in 9MFY15 declined by 32.5% to RMB1,507.3 million. The decline was mainly due to decrease in sales contributions from the processed and cultivation business segments.

Revenue from the processed business segment decreased by 34.7% to RMB713.7 million, on the back of a 34.4% decline in sales volume, as a result of weakened demand for processed vegetables in the South American and European region. Revenue from fresh vegetables produce decreased by 35.2%, mainly due to a decline in sales volume as a result of scarcity of rural labour but partly offset by an increase in average selling price. The branded business segment recorded revenue of RMB225.3 million, of which the beverage business remained as the key revenue contributor in this segment.

Gross profit in 9MFY15 declined 40.7% to RMB433.9 million while overall gross profit margin slipped 4.0ppt to 28.8%. While gross margins for processed and cultivation business segments declined due to higher raw material costs and labour costs respectively, the gross margin for beverage business improved 10.0ppt to 45.2% due to lower unit fixed costs.

Other income increased by 67.1% to RMB153.7 million, driven mainly by an increase in interest income of RMB53.1 million from bank deposits, growth in rental income of RMB19.2 million, refund of property tax amounting to RMB7.5 million but offset by a decrease of RMB20.3 million of government grants received.

Selling and distribution expenses declined by 38.3% to RMB73.8 million, mainly due to a decrease of RMB45.5 million in marketing and advertising expenses. Administrative expenses increased by 4.1% to RMB122.1 million while finance costs rose by 66.2% to RMB82.4 million due to increased bank borrowings.

Profit before income tax decreased by 41.1% to RMB277.4 million, in tandem with lower gross profit. EBITDA declined 29.0% to RMB484.4 million while EBITDA margin improved 1.6ppt to 32.1%. Net cash generated from operating activities remained healthy at RMB704.4 million.



Outlook

On the back of rising urbanization and declining rural labour, the agriculture industry in PRC continues to be strongly supported and favoured by the PRC government, particularly in the use of modern agriculture technology to increase food security. The cultivation and processed business segments will continue to face challenges ahead in view of the shortage of rural labour for cultivation activities and rising costs. While the demand for processed vegetables in South American and European region remains weak, the rising domestic consumption in PRC presents many growth opportunities.

Group's Executive Chairman and CEO Mr. Lin Guo Rong (林国荣) said, "With growing labour shortage in the rural areas, we see our move towards industrialised farming as a step in the right direction to reduce the reliance on labour and increase our raw material self-sufficiency".

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About China Minzhong Food Corporation Limited

China Minzhong (Bloomberg stock quote: MINZ SP) is a leading, internationally accredited, integrated vegetable processor in the People's Republic of China ("PRC"). Operating since 1971, China Minzhong has seven cultivation bases in the PRC and distributes its products to over 32 different countries around the world. Its key products consist of fresh vegetables produce and more than 100 types of processed vegetables, which include air-dried, freeze-dried, fresh-packed and brined products. China Minzhong's products have been awarded numerous international and domestic awards and certifications, including the ISO22000 (which incorporates the HACCP standards) and ISO 9001 standards, a testament to the Group's high quality assurance. China Minzhong's fresh organic vegetables are also certified by BCS Oko-Garantie GmbH, a German accreditation body which certifies organic standards imposed by the European Union.

Since 2002, China Minzhong has been named a "National Leading Dragon Head Enterprise" by the PRC government in recognition of its status as a leading agricultural enterprise. Currently, China Minzhong's new processing facilities are located at its New Industrial Park in Putian City, Fujian Province, PRC. The Group is also expanding its climate-controlled industrialized farming model across major cities in PRC.

For more information, please visit www.chinaminzhong.com

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